



# SENATOR RUNNER'S WEEK IN REVIEW

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## Taxpayer Funded Universal Health Care

San Francisco is at it again. They are taking on the failed-Canada system of health care for their residents. Recently, the City and County of San Francisco announced plans to provide universal health coverage to an estimated 82,000 city residents who currently do not have health coverage. San Francisco already provides coverage for all children within the city limits. If either plan were enacted, San Francisco would be the first city in the nation to offer taxpayer-funded health coverage to all of its residents.

San Francisco Mayor Gavin Newsom stated the plan was not intended to replace private health insurance, but instead to offer a way to cover people without insurance so they don't end up seeking medical care in hospital emergency rooms.

While San Francisco may be the first city to enact a taxpayer-funded universal health coverage plan, other cities and states are seeking ways to expand health coverage. Last year, New York City enacted legislation requiring grocery stores with 35 or more employees to pay as much as \$3 an hour for each working employee to fund health care. Massachusetts enacted legislation to mandate healthcare coverage for all residents. Maryland, at the behest of labor unions, enacted a law targeting Wal-Mart stores, requiring companies with 10,000 or more workers to pay at least 8 percent of their payroll for health coverage. (SB 1414 by Sen. Migden mirrors the Maryland legislation).

The general proposal, called the San Francisco Health Access Plan, is expected to be funded by enrollees, city-based businesses, and city taxpayers. It is expected to begin in early 2007 and is intended to provide health coverage for all city residents, regardless of employment or immigration status. The only eligibility standard for enrollees is that they live within city limits. They also will be compelled to apply for all state and federal health benefits for which they might be eligible. The plan is not insurance, as it would be limited to only hospitals or clinics within city limits.

## Plan Developed by Appointed Group

### News of the Week

[Barnstorming on Illegal Immigration](#)

[State Meets June 30<sup>th</sup> Budget Deadline](#)

[Independence Day Parade in Acton  
Salutes Small-Town America](#)

[Identity Theft Rings Busted](#)

[San Bernardino County Spending Millions on Illegal Immigrants](#)

[LA County Forced to Subsidize Illegals Immigrants in Jails](#)

[Riverside Press-Enterprise: Confining Casinos](#)

The plan was put together by a 38-member health-care group appointed by Mayor Newsom, co-chaired by Catholic Healthcare West CEO Lloyd Dean and San Francisco Foundation CEO Sandra Hernandez. The group's members represented nonprofits, health care, labor unions, and businesses. The group was directed to develop an alternative to a proposal by Supervisor Ammiano mandating businesses and nonprofits with 20 or more employees pay a monthly fee toward employees' health-care costs. Ammiano held off on his proposal while the Newsom-appointed group finished its work.

### **Funding and Coverage Details Unanswered**

Critical details of the plan are not finalized. Most importantly, the amount that businesses and enrollees will be assessed has not been determined. Newsom states premiums will likely depend upon enrollee income, and businesses that don't offer insurance to employees might be required to pay into the system upon renewing business licenses each year. The plan is currently estimated to cost about \$200 million annually, based upon an actuarial estimate of \$200 per person per month.

City officials indicate about \$104 million annually will be available from city funds by redirecting funds already spent on health care for the city's uninsured residents. They estimate another \$55 million will likely come from premiums, with the remaining balance of \$40 million being paid by local employers. Newsom stated that by providing preventative healthcare and long-term care to residents who lack coverage, the city would save more in the end because fewer people would go to public hospitals and clinics for emergency treatment.

Also undecided is which, if any, doctors will participate in the plan. City officials stated negotiations with medical providers to join the plan were proceeding. San Francisco has two public hospitals, San Francisco General and UCSF. While it is certain San Francisco General will participate, it is unclear if UCSF will participate in the program.

### **Key Differences Between Two Plans**

Supervisor Ammiano plans to introduce legislation mandating San Francisco businesses to pay into the plan if they are not already providing health care insurance for their employees. Indications are the Ammiano proposal will have two tiers of payments: businesses with 100 or more employees will pay approximately \$1.60 per hour per employee; businesses with 20 to 99 or fewer employees will pay approximately \$1.06 per employee per hour. Businesses with fewer than 20 employees would be exempt.

### **Mixed Business Community Reaction**

While some business representatives participated in the Newsom group, not all businesses welcome the plan, especially Ammiano's financing proposal. During a supervisors' hearing Wednesday, June 21, business advocates stated Ammiano's fees would impose more burdens on San Francisco's small businesses with small profit margins and could force many of them to close. "We have been at every public hearing saying one thing: affordability, affordability, affordability," Kevin Westlye, executive director of the Golden Gate Restaurant Association, told the supervisors. "It needs to be affordable. The way it's constructed, it's not." Westlye sat on Newsom's task force to develop the plan. However, Nathan Nayman, executive director of the business lobby group Committee on Jobs and also a member of the Mayor's group, said he is not opposed to a mandate requiring businesses to pay. "Everyone is willing to pony up money," he said. "The question is how much and how. That detail remains to be worked out."

## Assessment

It will be very difficult if not impossible for San Francisco to expand coverage to all eligible residents, pay providers prevailing market rates, control costs and not increase taxes and fees or not ration medical care. By its own standards, the city's plan will likely fail, spectacularly. While unfinished, it appears this plan does nothing to control costs or to constrain consumer utilization.

If enacted, within a few years, state legislators should anticipate urgent demands for state-sourced taxpayer financial assistance for this failing city program. And, while these demands will be difficult to fend off, there is an important value to San Francisco in proceeding down this path. Single-payer enthusiasts exploit consumer concerns with ever-increasing healthcare costs and lack of coverage with promises that the savings from removing health insurers from the equation are enough to pay for healthcare for all. It simply isn't true. San Francisco's plan will offer us a close, real-world laboratory in which taxes and fees will be raised, care rationed, and medical providers disinclined to participate. The result of this program may very well offer an affirmative lesson to Californians and policy makers that the promise of single-payer healthcare is emptier than the pot of gold at the end of the rainbow.

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